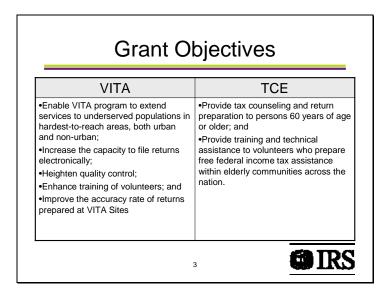Slide 1

This presentation will be posted to irs.gov - keyword search "Community Network" or "VITA Grant."

Slide 2

What we are going to cover:

❑ **Grant objectives**
❑ **Results from 2010**
❑ **Lessons learned**
❑ **2011 programs**
  • Applicable to both programs
  • VITA
  • TCE

2

IRS

- The grant programs had a great year and we continue to identify improvement opportunities. Feedback is gathered formally and informally throughout the year and we make every effort to give the suggestions due consideration. Unfortunately, we are not able to adopt all recommendations.

- We'll briefly **cover the objectives of each grant,** go over the results from 2010, discuss lessons learned and then provide information specific to applying for the VITA and TCE grant programs. One of the recommendations we received involved delivering similar presentations for Tax Counseling for the Elderly (TCE) as we did for VITA. This presentation will cover both VITA and TCE.

- This call is in the listen only mode to keep background noises and interruptions to a minimum. Slide numbers will be announced to allow you to follow along with the presentation material. We will open the call up for questions, however, the call is limited to two hours and we need to complete the entire presentation. Therefore, some questions may not get answered.

- If we do not get to your question, please send your question to us at the email addresses provided on slide **23**.

Grant Objectives

VITA	TCE
•Enable VITA program to extend services to underserved populations in hardest-to-reach areas, both urban and non-urban; •Increase the capacity to file returns electronically; •Heighten quality control; •Enhance training of volunteers; and •Improve the accuracy rate of returns prepared at VITA Sites	•Provide tax counseling and return preparation to persons 60 years of age or older; and •Provide training and technical assistance to volunteers who prepare free federal income tax assistance within elderly communities across the nation.

3

IRS

- Although the VITA program began with the Tax Reform Act of 1969, the VITA Grant program did not become a reality until December 2007 when Congress directed IRS to establish and administer a matching grant program for community volunteer tax assistance. The grant supports the original VITA program that offers **free** tax help to low income individuals who cannot afford professional tax preparation. This is the third year this grant has been offered.

- Unlike the VITA Grant program, the Tax Counseling for the Elderly grant program has been around since 1978. It has operated through the years as a cooperative agreement and does not require the applicant provide matching funds.

Slide 4

2010 Grant Program Results

2010 Grants	TCE	VITA
Applicants	48	360
Funds Requested	$8 million	$30 million
Applicant Locations	21 states and DC	50 states, DC and Puerto Rico
Eligible Applicants	34 (71%)	317 (88%)
Recipients Selected	24 (2009 - 35)	147 (2009 – 111)
Funds Awarded	$6.1 million	$7.44 million
Returning Recipients	13	63
Site Coverage	50 states and DC	50 states and DC
Returns Prepared	1,262,518	859,121
Sites Opened	5,736	3247
Return Accuracy	81.36%	87.01%

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IRS

- Figures presented are representative of the 2010 calendar year only and do not reflect returns filed between October 1 and December 31, 2009.
- Figures for returns prepared are cumulative through 5/2/2010 . Overall production exceeds 3 million for TCE and VITA.
- Total sites opened for TCE and VITA are 12,370.
- The overall accuracy of returns prepared at TCE and VITA sites this filing season is 84.43%. This accuracy rate was determined by using a statistically valid sample.
- The accuracy of returns reflected in the chart was determined by computing the accuracy rate of returns prepared at TCE and VITA Grant sites using data on returns reviewed as part of the statistically valid sample.

Slide 5

What did we learn from 2010?

❑ Reasons for Non-Selection
  – Tax Compliance
  – Low evaluation scores
  – Incomplete Applications
  – Limited Funding
❑ Budget and Payment
  – Unallowable items
  – Changes to budget plans
  – Access to funds – delays experienced

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IRS

Reasons for non-Selection: Issues are similar between the two programs

- **Tax Compliance Issues -** 33 applicants

- **Low Evaluative Scores -** 60 applicants

- **Incomplete Applications -** 15 applicants: Several applications did not contain all the required forms, DUNS #, EIN, or narratives to be considered complete applications. Requests were made for the additional information but it was not received or not received in time for consideration.

- **Limited Funding -** 118 not awarded due to lack of funds: Scored lower on technical evaluation; coverage area the same as other applicant; and/or low income population did not support award of more funds.

We'll talk more about reasons for non-selection later.

Budget and Payment: With the exception of the last issue under budget and payment, the lessons learned from VITA and TCE differ.

- **Unallowable items –** Federal funds continue to be proposed/paid for site coordinators that also prepare returns and/or perform quality review. Although the site coordinator can be paid with VITA Grant funds, they cannot be paid for the activities of return preparation and quality review. See Publication 4671 terms and conditions for more information on this topic. For TCE, salaries are only allowed for administrative and technical support. Site coordinators may not be paid with TCE funds.

- **Changes to Budget Plans –** Organization did not always request pre-approval of budget changes when required. For TCE, all changes require pre-approval. For VITA, changes totaling 25% or more of the award amount require pre-approval.

- **Access to funds** – Both programs experienced this problem.

Slide 6

Tax Compliance

- Applicants did not always know they had not filed a return and/or had a balance due. ***Call to check 877-829-5500.***
- Can only discuss with individual authorized to discuss tax matters in organization. ***Requesting contact information in the new Financial Plan narrative for VITA.***
- Must be tax compliant at time of application, prior to award, and throughout grant period.

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IRS

- Applicants were not aware a filing requirement existed and/or that a return had not been filed.

- Start today! Call and check to ensure filing requirements are correct and that all returns due are shown as submitted.

- Delays experienced because the applicant contact was not necessarily the individual that could discuss tax matters in the organization. We're asking for this in the VITA Grant application for 2011.

Slide 7

Low Evaluation Scores

- Applicants:
  - Did not always address each category of the program plan. ***Comment on all items requested.***
  - Did not provide a thorough response. ***Be as specific as possible.***
- Some pages were left out of the application. ***Number and account for each page before submission.***

7

IRS

- Program narratives ranged from a half page to 30 pages. Although we don't want you to repeat things, half a page is not sufficient for the program plan.

- Some program plans did not address all requested information. For instance, under Quality Control Program, several plans told us that IRS completed a quality review; however, they did not go on to tell us what the results were and/or what the organization did to address the findings. Many did not provide any information on reviews they conducted. As a partner and especially as a grant recipient, you are responsible for testing your processes for adherence and improvement opportunities.

- Missing pages of a narrative will not be identified during completeness and eligibility reviews unless the missing page contains information required to determine completeness and/or eligibility. For instance, having a program plan is a completeness item; however, addressing all topics is not. The discovery that pages are missing during the technical evaluation will result in lower points.

Slide 8

Payment Management System

- Standard Form 1199, Direct Deposit, had to be submitted multiple times due to incorrect completion, erasures, and/or corrections.
- Change in quarterly reporting requirements resulted in request for new user forms by PMS.
- IRS funding late due to continuing resolution.

IRS is working with DPM to improve process.

8

IRS

- Across the board award recipients experienced delays in being able to access their funds.

- The Division of Payment Management (DPM) provides the disbursement services. The Payment Management System (PMS) must be accessed to request, monitor and report funds.

- Standard Form 1199, Direct Deposit, must not contain **any** erasures and/or corrections. Corrections by the bank require starting over. Save time, complete multiple forms and review at each stage to ensure no changes or corrections were made.

- The new **DPM PMS Access Form** caught IRS unaware. We worked with DPM to provide our award recipients the most current information; however, DPM changed the process after we communicated it to award recipients.

- IRS and DPM are working together to identify the cause of delays and implement procedures to reduce the time between notification of award and the ability to request funds. Although not all issues can be resolved, e.g., continuing resolution which impacts TCE, we do expect improvements in the process for this next year.

Slide 9

2011 Grant Time Line

Application Period	June 1 – July 9, 2010
Review and Ranking	July 9 - October 30, 2010
Notification of Selection	November 1, 2010
Program Period	July 1, 2010 – June 30, 2011 (VITA) October 1, 2010 – September 30, 2011 (TCE)

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IRS

Application period shortened by one week for VITA and by one month for TCE.

Slide 10

Changes for 2011
Both VITA and TCE

• Applications due earlier – July 9, 2010
• Use of Grants.gov for application submission
• Multi-year grant opportunity
• Sub-award reporting mandated
• Terms and conditions added

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IRS

- We look forward to receiving feedback on the programs and considering each suggestion as an improvement opportunity. For those that have provided feedback--thank you. Some of the suggestions will continue to be considered for future year enhancements to the programs.

- We adjusted the due date of the applications to be open simultaneously. As mentioned on the previous slide, the due date is July 9 – one week earlier than last year for VITA and a full month earlier than last year for TCE.

- The next few slides will provide more information on the other changes made to both programs.

Changes for 2011

VITA	TCE
Allowance for food purchases for volunteers involved in return preparation activities. ❑ Limited to $500. Considers: • Hours of operation/length of session • Number of employees NOTE: Does not cover purchases in conjunction with an event considered entertainment or social activity or for customers.	Numerous formatting changes to the publication moving sections around to aid in flow of material

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IRS

Apply using Grants.gov

- ***Grants.gov*** is available to submit applications electronically
- Numerous system improvements to support the Recovery Act benefit all grant programs
- Tracking available to acknowledge when application is received by IRS

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IRS

- Last year, we accepted applications by mail or courier only. This was in anticipation of changes and workload concerns shared by Grants.gov. We were concerned that the risk of using the system was too high with limited time to process applications.

- Grants.gov has improved its processing and added additional resources to improve its infrastructure – more servers are available and processes were reengineered to improve operations. Positive feedback has been received by Grants.gov from agency users and applicants on these improvements. In the VITA Grant program during the first year, 47% **of applicants used Grants.gov**

- IRS encourages you to utilize the Grants.gov system for application submission. It provides receipt acknowledgement by Grants.gov of the application and lets you know when IRS downloads the application from the system. It also will not allow submission of the application when key components such as the SF 424, SF 424B and SF 424A are not completed properly. **It reduces your costs for submitting an application by eliminating the need to provide multiple copies of the application and a CD containing the application – both are required when using USPS mail or courier.**

Slide 13

Multi-Year Grant Opportunity

- Request funds for up to 3 years with 2011 application
- File abridged application for years 2 and 3
- Eliminates technical competition for years 2 and 3
- Creates opportunity to receive funds earlier in years 2 and 3
- Empowers applicants to make strategic decisions

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IRS

This was a suggestion made by both internal and external stakeholders. There will be little to no effect felt during the first year. Most of the benefit will come in the subsequent year. Applicants that request a multi-year grant but are not eligible or not selected for a multi-year grant will receive full consideration for a single year grant.

Eligibility criteria for multi-year grant opportunity**:**
- Must be prior year VITA or TCE grant recipient in good standing.
  - o Considered in good standing if no significant concerns were raised in prior years during territory office assistance visits, financial reviews, TIGTA reviews or GPO administrative reviews in the areas of a) accounting and recordkeeping practices; b) accuracy and quality of returns; and c) volunteer training.
- Applicant met its program plan and was within 10% of its return production goals.
- Demonstrated growth and program sustainability over time in the areas of returns prepared, e-file percentage, and volunteer resources.
- Score 90% or better during the technical evaluation.

IRS will decide whether to award a one, two, or three-year grant. We anticipate using this opportunity in future years as a tool to help improve our work processes and potentially reduce time between **awarding grants and fund availability.**

Benefits in subsequent years:
- Application is still required and most forms, such as the SF 424, SF 424A and SF 424B will need to be completed; but the narrative portions of the application will be significantly reduced.
- Because technical evaluation is not required in years 2 and 3, availability of funds in years 2 and 3 will be earlier.
NOTE: Along with successful performance in the initial year, applicants will be required to demonstrate continued eligibility such as non-profit status, tax compliance, and timely filing of reports.

Sub-Award Reporting

- Applies to federal grants awarded on or after October 1, 2010
- Impacts grant recipients of $25,000 or more that sub-grant part of the funds
    - o Requires reporting to the GPO no more than 30 days after the event.
- Grant Program Office (GPO) will provide a template for reporting required information

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IRS

This new requirement does not impact the actual filing of an application but will impact your organization if you are awarded. Many of the VITA grant recipients from 2009 and 2010 could have been required to report this information. It is required for organizations awarded this year (on or after October 1, 2010). Applicants will want to consider the requirement to report if they receive an award. It may impact how you structure any sub-awards and/or your consideration as to whether federal funds will be used.

More information can be found on this subject in the publications. For VITA, see pages 43 - 44 of Publication 4671 and pages 4 - 5 of Publication 1101 for TCE.

Terms and Conditions

- Added to publications this year (part of award agreements last year)
- Provides emphasis on areas where concerns and/or confusion exist
- Used to capture any new requirements not part of the announcement

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IRS

- We identified the need to place emphasis on certain aspects of the VITA and TCE programs last year and included terms and conditions as part of the award agreements. The full text of these terms and conditions is included with the publications. We will use these as a basis for conducting administrative field visits this year and will also be included during any financial reviews conducted by **IRS**.

- ***Please take time to familiarize your organization with these conditions in the event you are awarded. One of the most controversial items listed in the terms and conditions last year was the requirement to utilize Form 13614-C, Intake/Interview & Quality Review Sheet.***

- We realize that adding requirements after the announcement is published causes increased burden on all parties involved. However, issues may be identified that dictate the additions. In the event a critical issue is identified requiring an additional term or condition, we will take steps to educate you.

- More information can be found on this subject in the publications. For VITA, see pages 42-43 of Publication 4671 and pages 53-57 of Publication 1101 for TCE.

Slide 16

Key Program Differences

VITA	TCE
•Direct and indirect costs allowed	•Direct costs allowed
•Salaries allowed for clerical, program or site coordinators, technical support and/or tax law instructor	•Salaries limited to administrative and technical personnel only, i.e. computer technician or clerical
•No limit on administrative costs	•Administrative costs limited to 30%
•Dollar-for-dollar matching required	•No matching requirement
•All service is expected to be to low-to-moderate income individuals	•Goal of providing service to elderly set at 65%
•Budget includes SF 424A and budget detail explanation	•Budget is shown on Form 8653

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IRS

- The VITA and TCE programs differ as to the audience served as well as the financial requirements governing the programs. Please review the requirements of each application thoroughly before completing. Although there are many similarities, this slide points out several key differences.

- Direct and Indirect Costs – The VITA Grant allows for indirect costs in the budgeting process. Indirect costs include such items as depreciation or use allowances on buildings and equipment; costs of operating and maintaining facilities; general administration and general expenses; and personnel and accounting administration.

- Salaries are limited to administrative and technical personnel only on the TCE grant. VITA allows a broader coverage of positions with the restriction that funds may not be paid for tax preparation, quality review and screeners. Persons performing activities that are allowable and non-allowable must allocate their time appropriately to prevent paying for unallowable activities with federal funds.

- TCE imposes a 30% limitation on administrative costs to total program cost.

- VITA requires a one-to-one ratio of matching funds. For example, if you request $10,000 in federal funds, your organization must expend or provide in-kind contributions of $10,000.

- Service under VITA can be to elderly but there is not a percent established as a goal. However, with the TCE program, there is a goal that 65% of all returns filed electronically are filed for individuals age 60 or older.

- Supporting budget documents differ between the programs. Extensive details are provided in Publication 4671 covering the VITA requirements beginning on page 19 and continuing through page 32. Budget information is found on pages 21 – 22 of Publication 1101 for the TCE program.

Matching Funds – VITA Only

Potential sources of matching funds
- Cash, salaries, etc.
- Third party in-kind contributions
  – Computers, printers, supplies, etc.
  – Volunteer time
  – Space
- Other federal funds cannot be used unless allowed by statute

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IRS

This list is not all inclusive.

- Detailed information on matching funds can be found in Publication 4671 on pages 7 and then throughout the Financial Plan Information section (Pages 19-32).

- Matching funds are dollars or in-kind contributions that are committed exclusively to support the delivery of the VITA Grant program. They cannot be used to support or provide matching for other federal grants.

- Cash, salaries, etc. - The applicant organization may use cash they have set aside for the program from non-federal sources. Remember federal funds retain their identity as federal funds even if you are a first or subsequent tier recipient. If you plan to use state funding, it is important that you know the source of the funds.

- Third party in-kind contributions – This can be anything a third party organization provides to support the program.

- Other federal funds – Cannot be used unless allowed by statute. Unallowable sources identified include SPEC assistance and/or tax preparation software; VISTA and Americorps volunteers, LITC, TCE, etc. A few can be used because the statute allows. Two examples are provided in the publication.

Before Completing Your Application

- ✓ Secure a Dun & Bradstreet Number (DUNS)
- ✓ Register with the Central Contractor Registry (CCR) if using Grants.gov
- ✓ Determine if application is subject to State review
- ✓ Determine if tax compliant
- ✓ Review Publications 4671 and/or 1101
- ✓ Visit irs.gov
  - – Keyword **Community Network** for fill-able forms and templates to use for application completion and review **Frequently Asked Questions**

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IRS

Review the eligibility requirements for each grant. Both require non-profit status but the types of non-profit organizations differ between the programs. More information can be found on this subject in the publications. For VITA, see pages 6-8 of publication 4671 and pages 2-3 of publication 1101 for TCE.

- **DUNS –** Data Universal Numbering System (DUNS) number required when applying for federal grants. Provides a means to identify entities receiving those awards and their business relationships. Used for tracking and to validate address and Point of Contact (POC) information. Information on how to request the DUNS number is included in the publications.
- **CCR -** CCR is the primary registrant database of contracts and assistance awards for the federal government. Information on how to register is included in the publications.
- **State Review -** Applicants should contact the State Single Point of Contact (SPOC) under Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. Visit web site listed on page 9, Publication 4671, or page 4, Publication 1101, to determine if state is participating.
- **Tax Compliance -** Do not assume you are tax compliant. Have the person in your organization responsible for filing tax returns contact the IRS.
- **Publications 1101 and 4671 -** The publications provide all of the information, examples, and instructions needed to prepare an application. Available now.

Slide 19

Submitting Your Application

- Insure all components present
- Submit via **Grants.gov** or
- Assemble correctly and submit by mail to:

VITA	TCE
Internal Revenue Service Grant Program Office 401 West Peachtree St., Stop 420-D Atlanta, Georgia 30308	Internal Revenue Service Grant Program Office - TCE 5000 Ellin Road, NCFB C4-168 Lanham, Maryland 20706

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IRS

**Receipt and Completeness
of Application**

- Initial contacts limited to contact person and authorized representative shown on SF 424
- Confirmation email sent acknowledging receipt; does not indicate completeness or eligibility
- Requests for additional information sent with response date; don't ignore, respond
- Applicants notified if application is incomplete

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IRS

- Double check your email address and phone numbers. Both are used by IRS for corresponding with you about the application submission.

- If you're going to be away for an extended time, be sure to have someone else check your phone messages and/or emails or leave another person's contact information for assistance.

- If you can't submit the information by the due date, contact the sender/caller to request an extension.

- We will call you via phone when we know an email is not successfully sent; however, some servers do not return rejected messages quickly.

**Evaluation and Selection
Process**

- **Technical Evaluation**
  - Points awarded for program plan categories
  - Minimum score of 70% to be considered
- **Grant Program Office (GPO) Evaluation**
  - Geographic need and target audience evaluation
  - Financial plan review
  - Prior year reporting and performance, if applicable
- **Executive approval of recommendations for selection**

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IRS

IRS has a two tiered evaluation process comprised of a Technical Evaluation and GPO Evaluation

- Applicant must **obtain** a minimum of 70% **of the maximum** points **during the Technical Evaluation in order** to be further evaluated by the GPO

- **Maximum of 100 points for the TCE Grant**

- **Maximum of 200 points for the VITA Grant**

- Technical evaluation is completed by neutral IRS employees involved in coordinating the delivery of the VITA program

- The GPO evaluates applications for proposed geographic coverage and target audience

- The GPO reviews financial plan information for proposed expenses and matching funds

- For those applicants that received a VITA or TCE grant previously, the grant file will be reviewed to determine if prior year reporting requirements were met

Slide 22

Grantee Responsibilities

- Comply with agreement and terms and conditions
- Adhere to OMB requirements
- Submit reports timely
- Provide oversight of funds and program
- Maintain documentation
- Respond promptly to requests from GPO

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Last year was the first year we included expanded terms and conditions with the grant/cooperative agreement. Be aware of what you are agreeing to when it is signed.

OMB Circulars – Administrative requirements, cost principles and audit requirements

- 2 CFR 215 (formerly OMB Circular No A-110) Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations;

- **Circular A-102, Grants and Cooperative Agreements with State and Local Governments;**

- Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations;

- 2 CFR 220 (formerly OMB Circular A-21), Cost Principles for Educational Institutions;

- **2 CFR 225 (formerly OMB Circular A-87), Cost Principles for State, Local and Indian Tribal Governments;** and

- 2 CFR 230 (formerly OMB Circular A-122) Cost Principles for Non-Profit Organizations.

Reporting requirements, such as:

- Providing Form 8654, TCE Program Semi-Annual/Annual Program Report by April 30, when applicable

- Quarterly **FFR 425** reports to Department of Payment Management

- Provide year-end reports by September 30

See Publication 4671 and 1101 for complete reporting requirements

Oversight of funds and program - Effective monitoring and communication processes are required to ensure adherence to both financial management and program requirements.

Documentation - Subject to financial and administrative field reviews

- Maintain proper documentation for all grant funds expended
- Ensure that funds are spent in a manner that is deemed appropriate and reasonable
- File reports timely
- Maintain receipts, invoices, cancelled checks to support reported expenses
- Document matching funds received and expended (VITA Grant)

Slide 23

Contact Information

Questions about the VITA and TCE Grant should be directed to the GPO Monday thru Friday (except federal holidays) from 8:00 a.m. to 4:30 p.m.

Phone: 404.338.7894

Email: Grant.Program.Office@irs.gov (VITA) or
TCE.Grant.Office@irs.gov (TCE)

Web: IRS.gov, Search: Community Network – Available 24/7. Look for application aids and F*requently Asked Questions.*

IRS

Questions

Thanks